

Service Date: December 29, 1999

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER OF the Application of THE	)	UTILITY DIVISION
MONTANA POWER COMPANY's: (1)	)	
Unreflected Gas Cost Account Balance for the	)	DOCKET NO. D99.11.247
12-Month Period Ending August 31, 1999 and	)	ORDER NO. 6212
Projected Gas Cost Tracking for the 14-Month	)	
Period Ending October 31, 2000; and (2) Gas	)	
Transportation Adjustment Clause Balance for	)	
the 12-Month Period Ending August 31, 1999	)	

INTERIM ORDER

**FINDINGS OF FACT**

**Background**

1. On November 16, 1999, Montana Power Company (MPC) filed a request before the Public Service Commission (PSC or Commission) for an overall increase in natural gas revenues to reflect MPC's annual Gas Tracking, Unreflected Gas Cost Account, and Gas Transportation Adjustment Clause (GTAC). MPC also seeks approval to change the time period of its annual gas tracker to encompass a twelve month period from November 1 through October 31, rather than the existing September 1 through August 31 period. MPC proposes the change to accommodate better storage balancing and to make the gas tracker consistent with MPC's largest core supply contract. Accordingly, the amortizations in the present filing are calculated on a fourteen-month tracking period. MPC also seeks approval of deferred gas costs, as well as the base cost of gas for the GTAC. This application will result in an increase in annual revenues of \$664,573 created by extinguishing the unit rate adjustments approved in PSC Docket No. D98.10.217. The overall net increase associated with the adjustments created by the current tracking year's activities is \$4,114,574. The overall increase in revenue requirement is \$4,779,147.

2. MPC states that the proposed increase is required to: 1) reflect an increase in the projected gas costs for the period of September 1, 1999 to October 31, 2000; 2) amortize the

balance in the Unreflected Gas Cost Account Balance (as adjusted) for the twelve-month period ending August 31, 1999; 3) amortize the GTAC Balance (as adjusted) for the twelve-month period ending August 31, 1999; 4) reflect the Estimated Remaining Rate Refund Balance associated with PSC Order No. 5898(d), Finding of Fact No. 5; and 5) extinguish the unit amortizations in the current tariff sheets approved pursuant to PSC Order Nos. 6114(a) and 6114(c).

3. The adjustments reflect a 13.78 percent increase in gas costs and results in an overall increase in the commodity rate of 5.71 percent for core residential customers, 5.72 percent for general service customers, and 9.01 percent for utility class customers. The transportation commodity rate at the transmission level for firm service decreases 25.49 percent and the interruptible service transportation commodity rate decreases 5.24 percent.

4. The revenue impacts by rate class of the filing are as follows:

#### **Revenue Impact by Rate Class**

	Residential	<u>Proposed Adjustments</u>			Total
		General Service	Utility	Firm Transport.	
Gas Cost Increase	\$3,286,023	\$1,606,418	\$60,105		\$4,952,546
Remaining Rate Refund Resulting from Order 5898d	(\$543,029)	(\$265,467)			(\$808,496)
Adj. Unreflected Gas Cost Balance (8/31/99)	\$584,801	\$285,888	\$10,697		\$881,386
Adj. GTAC Bal. (8/31/99)	(\$375,943)	(\$183,785)	(\$6,876)	(\$344,258)	(\$910,862)
Net Revenue Change (A)	<u>\$2,951,852</u>	<u>\$1,443,054</u>	<u>\$63,926</u>	<u>(\$344,258)</u>	<u>\$4,114,574</u>

	<u>Current Adjustments</u>				
	Residential	General Service	Utility	Firm Transport.	Total
Adj. Unreflected Gas Cost Balance (8/31/98)	\$1,350,611	\$660,265	\$24,704		\$2,035,580
GTAC Balance (8/31/98)	(\$97,467)	(\$47,648)	(\$1,783)	(\$65,573)	(\$212,471)
Refund - Created by Rate Decrease - Order No. 5898d	(\$1,670,859)	(\$816,823)			(\$2,487,682)
Net Revenue Change (B)	<u>(\$417,715)</u>	<u>(\$204,206)</u>	<u>\$22,921</u>	<u>(\$65,573)</u>	<u>(\$664,573)</u>
Net Rev. Impact (A-B)	<u>\$3,369,567</u>	<u>\$1,647,260</u>	<u>\$41,005</u>	<u>(\$278,685)</u>	<u>\$4,779,147</u>

5. The changes in rates per rate class are as follows:

<u>Rate Schedule</u>	<u>Current</u>	<u>Proposed</u>	<u>Change</u>
<b><u>Core:</u></b>			
<b>Residential</b>			
Gas Cost	\$1.713	\$1.949	13.78%
Trans/Stg/Dist	<u>\$2.594</u>	<u>\$2.604</u>	0.39%
Total Commodity	\$4.307	\$4.553	5.71%
<b>General Service</b>			
Gas Cost	\$1.713	\$1.949	13.78%
Trans/Stg/Dist	<u>\$2.587</u>	<u>\$2.597</u>	0.39%
Total Commodity	\$4.300	\$4.546	5.72%
<b>T-FUGC-1</b>			
Gas Cost	\$1.713	\$1.949	13.78%
Trans/Stg	<u>\$0.119</u>	<u>\$0.048</u>	(59.66%)
Total Commodity	\$1.832	\$1.997	9.01%
<b>T-FTG-1</b>			
Commodity	\$0.051	\$0.038	(25.49%)
<b>T-ITG-1</b>			
Commodity	\$0.248	\$0.235	(5.24%)

6. MPC seeks current gas cost recovery according to the 1999 - 2000 Tracking Case - Gas Market/Supply/Cost Summary (PROPRIETARY INFORMATION), which incorporates the gas mix effects of Stipulation No. 3 in PSC Docket No. D96.2.22.

7. The Commission finds that the elements of the tracking filing described in the above Findings of Fact are acceptable for interim purposes.

8. The Commission finds that continuing to reflect accounting treatment through the GTAC mechanism, for projects generating either interruptible transportation (IT) or IT and firm transportation revenues combine, as initially approved in PSC Order No. 6114(d) is appropriate on an interim basis.

### CONCLUSIONS OF LAW

1. Montana Power Company provides natural gas service within the State of Montana and as such is a “public utility” within the meaning of § 69-3-101, MCA.

2. The Montana Public Service Commission properly exercises jurisdiction over the Montana Power Company's rates and operations pursuant to Title 69, Chapter 3, MCA.
3. The Commission may in its discretion, within the scope of § 69-3-304, MCA, make temporary approvals of requests pending a hearing or final decision.
4. The rate levels and spread approved in this Order are a reasonable means of providing interim relief to MPC. The rebate provisions of § 69-3-304, MCA, protect ratepayers until there is a Final Order in this Docket.

### **ORDER**

THEREFORE THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. The Montana Power Company shall implement, on an interim basis, rates designed to increase annual Montana jurisdictional natural gas revenues by \$4,779,147.
2. MPC shall adhere to and abide by all provisions in this Interim Order. All rate schedules shall comply with all determinations set forth in this Interim Order.
3. MPC must file tariffs in compliance with the Findings of Fact in this Interim Order.
4. Nothing in this Order precludes the Commission from adopting in its Final Order a revenue requirement different from that contained in this Interim Order.
5. Any interest associated with a refund that might result from the final revenue increase granted in this Order will be computed at 11.25 percent, the approved return on equity for this Interim increase.
6. Interim approval of any matters in this proceeding should not be viewed as final endorsement by the Commission of any issues, calculations, or methodologies approved in this Order.
7. This Interim Order is effective for service on and after December 10, 1999.

DONE IN OPEN SESSION at Helena, Montana on this 9th day of December, 1999, by a 4 to 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

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DAVE FISHER, Chairman

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NANCY MCCAFFREE, Vice Chair

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BOB ANDERSON, Commissioner

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GARY FELAND, Commissioner

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BOB ROWE, Commissioner

ATTEST:

Kathy Anderson  
Commission Secretary

(SEAL)